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FISCAL IMPACT STATEMENT

LS 7018

BILL NUMBER: HB 1538

NOTE PREPARED: Feb 26, 2007

BILL AMENDED: Feb 20, 2007

SUBJECT: Military and Veterans Issues.

FIRST AUTHOR: Rep. Reske

FIRST SPONSOR: Sen. Wyss

BILL STATUS: As Passed House

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☒ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) This bill:

(A) establishes employment criteria for employees of the Department of Veterans' Affairs and local service officers;

(B) provides for reimbursement of certain expenses of medal of honor recipients;

(C) provides that a power of attorney for prosecution of veterans' benefits runs to an agency or individual authorized by the Department of Veterans' Affairs;

(D) provides a \$200 payment to certain members of the national guard or armed forces;

(E) establishes the Veterans' Affairs Trust Fund and Board to provide assistance to veterans and their families;

(F) expands the high school diploma program for eligible veterans to include veterans of the Korean and Vietnam conflicts;

(G) provides that certain members of the armed forces or law enforcement officers are not required to complete a hunter education course before obtaining a hunting license;

(H) specifies that active duty military personnel stationed in Indiana are eligible for resident tuition rates at state educational institutions; and

(I) authorizes various licensing boards to adopt rules to expedite the licensure of individuals whose spouses are stationed on active duty in Indiana.

Effective Date: (Amended) July 1, 2007.

Explanation of State Expenditures: (Revised) *Summary* -

Provision	State Impact	Appropriation
(B) Provides for reimbursement of certain expenses of medal of honor recipients.	Increases administrative duties and costs of the IDVA.	Appropriates an unspecified amount of money from the state General Fund to establish the program.
(C) Provides that a power of attorney for prosecution of veterans' benefits runs to an agency or individual authorized by the IDVA.	Increases administrative duties and costs of the IDVA.	NA
(D) Provides a \$200 payment to certain members of the national guard or armed forces.	<u>Current Impact:</u> Total <u>minimum</u> payments under the bill would equal \$10.2 M; <u>Future Impact:</u> Unknown, dependent on the number of future unduplicated National Guard and armed forces persons that are called to active duty from Indiana.	The bill annually appropriates to the IDVA from the state General Fund an amount sufficient to make the \$200 payments.
(E) Establishes the Veterans' Affairs Trust Fund and Board to provide assistance to veterans and their families.	Members of the Board are entitled to reimbursement.	Annually appropriates from the state GF amount sufficient to carry out the purpose of the Fund.
(F) Expands the high school diploma program for eligible veterans to include veterans of the Korean and Vietnam conflicts	Increases administrative duties for the IDVA; Minimal increase in expenditures for the DOE to produce additional diplomas.	NA
(G) Provides that certain members of the armed forces or law enforcement officers are not required to complete a hunter education course before obtaining a hunting license.	The proposal could reduce state expenditures to the extent that the DNR could spend less for providing hunter education. The DNR provides hunter education free of charge. The number of individuals that the provision could apply to could be well over 50,000.	NA

Provision	State Impact	Appropriation
(H) Specifies that active duty military personnel stationed in Indiana are eligible for resident tuition rates at state educational institutions.	Military personnel stationed in Indiana would be able to pay the resident tuition and fees instead of the out-of-state fees which range from \$2,500 to \$19,000 more annually per year than resident fees. The provision would reduce the amount of tuition the university receives for these students, but the overall impact on universities is probably minor.	NA
(I) Authorizes various licensing boards to adopt rules to expedite the licensure of individuals whose spouses are stationed on active duty in Indiana.	The bill allows: the Division of Professional Standards within the DOE, a Health Professions Standards Board, and a Professional Standards Licensing Board; to adopt rules to establish procedures to expedite the issuance, renewal, or reinstatement of a license, certificate, registration, or permit, of a person whose spouse served on active duty and is assigned to a duty station in Indiana. All entities should be able to do so within their existing level of resources.	NA

Background -

(B) *Medal of Honor Awardee Compensation Program:* The bill requires the Director of the IDVA to establish a program and set guidelines under which a Medal of Honor awardee who is a resident of Indiana may receive compensation when called upon to attend and participate in official ceremonies within Indiana. The Director would likely experience an increase in administrative duties as a result. The bill also appropriates an unspecified amount of money from the state General Fund to establish the program.

(C) *Power of Attorney Requirement:* The bill allows the IDVA to act as power of attorney and authorize action on behalf of a veteran in obtaining a benefit or an advantage provided under Indiana law. As proposed, the IDVA reports that it would experience an increase in workload. However, it should be able to incorporate the requirement within its existing level of resources. The IDVA would be responsible for scanning, digitally storing, and reviewing a veteran's application. The IDVA would also be responsible for representing a veteran during an appeals process, should one take place.

(Revised) (D) *\$200 Payment to National Guard and Armed Forces Personnel:* The bill provides a one-time payment of \$200 to members of the National Guard and the armed forces of the United States who: (1) are residents of Indiana, and (2) served on active duty for at least 150 days in a period of 365 days outside of Indiana between August 2, 1990, and November 30, 1995, or after September 10, 2001.

Information is not available which provides an unduplicated count of active duty military and reserve or National Guard personnel that fought during the time periods in which a person would be eligible for a \$500 benefit under the bill. Data from the Defense Manpower Data Center and the Indiana National Guard

indicates that a minimum of 51,000 persons served on active duty during the time periods defined under the bill. Should the minimum number of eligible persons apply for the \$200 benefit, total minimum payments under the bill would total \$10.2 M.

It is important to note that this number is likely significantly higher than 51,000. Should an additional 10,000 persons qualify for the benefit, total payments would equal \$12.2 M; should 20,000 additional persons qualify, total payments would equal \$14.2 M.

This provision requires the IDVA to adopt rules to make \$200 payments to National Guard and United States armed forces personnel. The IDVA should be able to do so within its existing level of resources.

The bill annually appropriates to the IDVA from the state General Fund an amount sufficient to make the \$200 payments.

(E) *Veterans' Affairs Trust Fund*: The bill establishes the Veterans' Affairs Trust Fund to provide assistance to veterans and their families. The Fund consists of: (1) appropriations by the General Assembly, (2) donations, gifts, grants, and bequests, (3) interest and dividends on assets of the Fund, (4) money transferred to the Fund from other funds, and (5) money from any other source deposited in the Fund.

The bill also establishes the Veterans Affairs' Trust Fund Board. The Board consists of 13 members and meets at least quarterly or at the call of the chairperson.

Members of the Board who are not state employees are entitled to a minimum salary per diem of \$35 under IC 4-20-11-2.1(b). Currently, this statute is overridden by Section 15 of the budget bill which provides a higher reimbursement of \$50. It should be noted that should the budget bill dictate a different amount of reimbursement in the future, or not address reimbursement, this reimbursement level could change. Members are also entitled to reimbursement for traveling expenses and other expenses actually incurred in connection with the member's duties. Members who are state employees but who are not members of the General Assembly are entitled to reimbursement for traveling expenses and other expenses actually incurred in connection with the member's duties. Members who are members of the General Assembly are entitled to the same per diem, mileage, and travel allowance paid to legislative members of interim study committees established by the Legislative Council. Reimbursement for Board members who are members of the General Assembly is to be paid from appropriations made to the Legislative Council or the Legislative Services Agency.

The Board is to: (1) manage and develop the Fund and the assets of the Fund; (2) establish a policy for the investment of the assets of the Fund and: (a) consider the immediate needs of veterans and their families to the extent those needs are not addressed by the Military Family Relief Fund, and (b) have as its long-term goal creating a self-sustaining fund that is not dependent on legislative sources of funding; (3) acquire money for the Fund through the solicitation of private or public donations and other revenue producing activities; and (4) perform other tasks consistent with prudent management and development of the Fund. In addition, the Board is required to adopt rules which: (a) establish programs to be funded by the Fund, (b) determine eligibility and application procedures for programs established under (a), and (c) otherwise implement the Fund.

The expenses of administering the Fund are to be paid from the Fund. Money in the Fund does not revert to the state General Fund or any other fund at the end of a fiscal year.

The bill annually appropriates from the state General Fund an amount to the Board sufficient to carry out the purpose of the Fund.

(F) *High School Diplomas for Veterans from the Korean and Vietnam Conflicts*: The bill modifies the definition of eligible veteran to include persons who fought in the Korean and Vietnam conflicts. Under current law, eligible veterans are entitled to an honorary high school diploma. Under the bill, the Department of Education (DOE) would incur expenditures to produce additional diplomas for Korean and Vietnam veterans, and the IDVA would incur additional administrative responsibility to verify the eligibility of veterans from the Korean and Vietnam conflicts. The fiscal impact to state expenditures is currently indeterminable but expected to be minimal.

Background Information: Projections from the United States Department of Veterans' Affairs indicate that approximately 230,000 veterans from the Korean and Vietnam conflicts currently live in Indiana. There could be additional veterans living out of state that left an Indiana high school to enter the Vietnam or Korean conflicts that may qualify. There may also be veterans living in Indiana that attended an out-of-state high school.

During the 2002 session, the Indiana General Assembly passed P.L.127-2002. Since that time, a total of 276 honorary diplomas were awarded to World War I and World War II veterans who dropped out of high school in order to enlist in the armed forces of the United States. Of the 276 diplomas, the DOE has awarded 47 diplomas at the state level, versus 229 diplomas awarded at the local school district level. The DOE reports that total costs to produce a diploma are dependent on the type of diploma created, and are minimal.

(G) *Hunter Education Course Exemption*: The proposal could reduce state expenditures to the extent that the Department of Natural Resources (DNR) could spend less for providing hunter education. The DNR provides hunter education free of charge. IC 14-22-11-5 requires that a person born after December 31, 1986, must have successfully completed a hunter education course offered by the DNR or the DNR's agent. The course is free. Under the proposal, the eligible individuals would not have to complete the hunter education course in order to obtain a license. This provision could reduce expenses generated by providing the instruction to eligible individuals. The number of individuals that the provision could apply to could be well over 50,000.

The DNR is funded through state General Fund revenues and other dedicated funds.

(H) *Tuition Exemption for Active Duty Persons Stationed in Indiana*: Military personnel stationed in Indiana would be able to pay the resident tuition and fees instead of the out-of-state fees. The provision would reduce the amount of tuition the university receives for these students, but the overall impact on universities is probably minor. According to the Defense Manpower Data Center there were 887 active duty members of the U.S. armed forces stationed in Indiana. (Note: The totals in 2004 and 2005 were reportedly 994 and 1,014, respectively.) The number of these active duty service personnel who currently attend a state university, or who may in the future, is unknown. Out-of-state fees range from about \$2,500 to \$19,000 more per year than resident fees.

(I) *Adoption of Rules*: The bill allows: the Division of Professional Standards within the Department of Education (DOE), a Health Professions Standards Board (as defined in IC 25-1-9-1), and a Professional Standards Licensing Board (as defined in IC 25-1-11-1); to adopt rules to establish procedures to expedite the issuance, renewal, or reinstatement of a license, certificate, registration, or permit, of a person whose spouse served on active duty and is assigned to a duty station in Indiana. All entities should be able to do so

within their existing level of resources.

Explanation of State Revenues: (G) *Hunter Education Course Exemption*: Eliminating the requirement that certain individuals have to take the hunter education course in order to obtain a license could result in an increase in hunting licenses sold. Revenue generated by the license fee is deposited into the Fish and Wildlife Fund and used to finance the operations of the Division of Fish and Wildlife. From January 1 through November 28, 2006, the DNR sold over 288,000 hunting licenses and over 61,000 hunting and fishing licenses.

Explanation of Local Expenditures: (F) *High School Diplomas for Veterans from the Korean and Vietnam Conflicts*: See *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources: Tom Applegate, Indiana Department of Veterans Affairs; LTC Gerald Hadley, Indiana National Guard; Defense Manpower Data Center; United States Department of Veterans Affairs, Veterans Population Data; Jeff Zaring, Department of Education; Department of Natural Resources.

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